



U. S. Department of Housing and Urban Development
Washington, D.C. 20410-8000

OFFICE OF THE ASSISTANT SECRETARY
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

September 28, 1999

MEMORANDUM FOR: ALL Multifamily Hub Directors
All Multifamily Program Center Directors

A handwritten signature in dark ink, appearing to read "G. Eisenman", is positioned above the typed name of Gary E. Eisenman.

FROM: Gary E. Eisenman, General Deputy Assistant Secretary
for Housing - Deputy Federal Housing Commissioner, H

A handwritten signature in dark ink, appearing to read "Robert W. Reavis", is positioned above the typed name of Robert W. Reavis.

Robert W. Reavis, Acting Deputy Assistant Secretary
for Multifamily Housing Programs, HT

SUBJECT: Instructions to Field for REAC Physical Inspections,
Procedures to Appeal REAC Inspections and the latest
Notification of Exigent and Fire Safety Hazard
Observed

Several months ago you received satellite training and draft copies of the Instructions to the Field for REAC Physical Inspections. This memorandum revises and supersedes the memorandum dated September 23, 1999.

The attached Instructions are revisions to the previous Instructions to ensure all changes related to REAC Physical Inspections, follow-up, and close-out procedures are included. One significant change in the updated Instructions is the requirement for a MIO Plan when there is a score of 31 - 45. The Notification of Exigent and Fire Safety Hazards Observed (Traffic Ticket) and the Addendum to Section 8 HAP Contract Renewal which are mentioned as attachments will be sent with the hard copy of the Instructions.

In addition, attached are procedures to appeal REAC Physical Inspections and the latest Notification of Exigent and Fire Safety Hazards observed. The appeal procedures outline two general approaches that property owners or field staff may avail themselves of to raise issues related to REAC Physical Inspections. The two approaches always may include, but need not include, contact with the REAC Customer Service Center (CSC). The two procedures are the REAC Technical Appeal Process and Housing Data Correction Process. The revised Exigent and Fire Safety Hazard Notification separates Exigent Health and Safety Hazards from Fire Safety Hazards.

Please implement the revised Instructions and the Procedures to Appeal REAC Physical Inspections in your office immediately. If you have any questions, please contact Eric Ramsey at (202) 708-0614, extension 2549 or Ken Hannon at (202) 708-0614, extension 2599.

Attachments

cc: Donald J. LaVoy

September 28,1999

INSTRUCTIONS FOR FIELD FOR REAC INSPECTIONS

Part One: Exigent Health and Safety Conditions

Some projects will have received citations by the HUD Inspectors on the day of the inspection regarding Exigent Health and Safety (EHS) conditions. (See attached Form, Part I exhibit A to these instructions.) The Owner must correct or mitigate these cited violations immediately, if possible, but in no case later than 72 hours after citation. Please note that contractors from the Departmental Enforcement Center (DEC) will also be conducting inspections on those projects referred to and accepted by the DEC and these inspectors can also cite the owners.

Conditions

The following are considered Exigent conditions:

1. Propane, Natural gas, Methane gas leaks
2. Exposed electrical wires/open panels with exposed wiring
3. Water leaks on or near electrical equipment
4. Emergency fire exits blocked or unusable
5. Blocked egress/ladders
6. Gas Fired Hot Water Heaters/HVAC in dwelling units with missing or misaligned chimneys (carbon monoxide hazard)

The Project Manager (PM) must call the Owner whenever EHS problems have been cited and then confirm the notification in writing to the Owner. As the Owner received the Notification at the time of the inspection, that is the time the 72 hour clock begins; therefore, it is reasonable to expect the EHS deficiencies will have been corrected by the time of the Project Manager's phone call. All deficiencies must be corrected regardless of the score of the completed REAC inspection. A letter of correction or mitigation on the Owner's letterhead is required. The letter must clearly state and reference the specific conditions cited by the HUD Inspector. The PM must ensure the letter is received. Receipt of this letter (or non-receipt) should be entered in REMS.

The "Notification of Exigent and Fire Safety Hazards Observed" that was left with the Owner by the REAC Inspector shows, in addition to EHS, Fire Safety Hazards Conditions and Smoke Detectors in the Matrix section. Notification will be sent to local authorities by REAC. With regard to the Fire and Safety and Smoke Detector deficiencies listed on the Notification, it is recommended that the Project Manager discuss the resolution of all deficiencies on the Notification during their phone conversations with the property staff.

Should an owner not correct EHS deficiencies, the field office may refer this to the Departmental Enforcement Center with a copy of the DEC referral to be sent to the Owner or request field counsel to send appropriate notification.

Part Two: Managing REAC Inspection Results

Property Scoring 60 or Above

For projects receiving a REAC Physical Inspection Report score of 60 or above, the Owner should be instructed to make required repairs as indicated by their inspection results as part of their ongoing maintenance program. No certification or corrective plan is required unless the Hub Director/Program Center Director requires one.

Property Scoring 46 to 59 Points

For projects receiving a REAC Physical Inspection Report score of 46 to 59 points, REAC will notify the Owner/Manager, in writing, that a Plan of correction is required. The Project Manager should call the Owner and confirm that a plan is required. The Owner must pay particular attention to the items classified as Health and Safety (H&S), Severe and Major, and then conduct their own survey of the property based on HUD's findings and HUD's random sample. This survey must be a thorough review of the property, all units and all buildings.

Within 30 days of the date of the inspection, the Owner is required to submit a Proposed Plan for Correction to the Field Office which outlines:

- Corrections made to repair deficiencies noted in the inspection, with special consideration given to EHS, H&S, Severe and Major items,
- Results of Owner's property survey,
- Owner's plan to correct all deficiencies (those on the REAC Report and those detected by the Owner's survey). **When an Owner can and does complete all repairs within 90 days of the inspection (60 days from the Proposed Plan for Correction), the Proposed Plan of Correction will suffice. The Owner must report and represent, on the Owner's letterhead, signed by the Owner, when the repair program outlined in the 30 day Proposed Plan for Correction has been completed,**
- The resources to be utilized by the Owner,

Notwithstanding the above, at this juncture the Program Office must make a determination that the owner has the capacity to complete the work by the 90th day and the Program Office can rely upon the owner to complete the necessary work in an acceptable manner. If the Field Office determines, based upon the owner's past history, that the problems at the project were not so severe and can

be readily fixed, they may permit the owner to self certify that they have corrected all the deficiencies. A memo to the file, signed by the Project Manager, stating that they have done this analysis and believe that self certification is appropriate must be prepared. This must also be put into REMS. Past performance, management capability and financial capacity must be considered. If the Program Office (Project Manager) concludes the owner may not have the capacity then a detailed plan can/should be required of the owner instead of a self certification. In addition, other forms of documentation can be required, such as pictures, bids, third party inspections, etc.

Should HUD or the property owner, at the 30 day Proposed Plan for Correction stage, believe the necessary repair(s) cannot be completed within 60 days (90 days from the date of the inspection), a Final Plan for Correction will be required. At a minimum, the Plan must include a description of each deficiency, the corrective action proposed for the deficiencies, the time frame in which each deficiency will be corrected, and the sources of funds. The Owner must submit a monthly update to the Project Manager specifying what corrections were made each month until completion. Upon final completion, a letter on the Owner's letterhead is required confirming all repairs have been made.

This notice does not prescribe the plan format for repair plans for projects with scores 46 - 59. A format can be prescribed by the Field Offices on a case by case basis, consistent with these requirements, based upon the record of the property and the responsiveness of the Owner. The time allowed for completion should be reasonably short.

On properties with Section 8, if the Owner and the Project Manager agree upon a Final Plan for Correction, the Owner must sign the Section 8 HAP Contract Addendum (see attached) as part of any Contract Renewal where the repair plan extends into the term of the contract. The purpose of the addendum is to make clear that the contract extension is conditioned on the performance by the Owner of the Final Plan for Correction.

Property scoring 31 to 45 points

When the score is from 31 to 45 points, in addition to complying with all requirements of a score between 46 and 59, any repair plan must be in MIO Plan format or equivalent and must be approved by the Hub Director (See Handbook 4355.1 Rev. 1) The Proposed MIO Plan must identify sources and uses of funds and must be appropriate to the amount of work required to correct the deficiencies. This Plan must be submitted to the Field Office within 30 days of the owner's receipt of the inspection report. The preparation and negotiation of the MIO Plan should be coordinated with Field Counsel. The final acceptable MIO Plan must be completed and submitted to the Field Office within 90 days of the Owner's receipt of the inspection.

Owners are always required to correct all deficiencies within a reasonable timeframe. The only acceptable certification from the owner in this score range is when all deficiencies have been corrected. At that point, a certification on the Owner's letterhead is required to close out the Plan. Field Offices may require pictures, copies of Owner inspections, etc. as backup. There may also be a follow-up inspection under the HUD Quality Assurance component to ensure satisfactory completion of all repairs.

Property scoring 30 or Below

Where a score is 30 or below, the physical inspection will be sent directly to the Departmental Enforcement Center (DEC) . The DEC will then assign the property to a DEC Satellite Office for further evaluation. REAC will send a letter advising the Owner of the referral and that they may submit any relevant information or comments to DEC for a period of 30 days from the date of receipt of the letter and that they will be contacted by DEC in the near future with the results of the evaluation. (Until REAC has the capability to generate the letter, Field staff must continue to send the letter to the owner advising the owner that the property has been referred to the DEC.)

Upon receipt of notification of the referral, the Program Office must prepare all their files for shipment to the DEC upon instruction to do so.

In the meantime, the Program Office must resolve all Exigent Health and Safety hazards about which the Owner was notified by the REAC inspector at the time of the inspection.

As the DEC now has the responsibility to evaluate the property upon receipt of the high risk physical inspection, the Program Office has a responsibility to not approve any project actions unless first consulting with and obtaining concurrence of the DEC Satellite Office to which the property has been assigned. Nonetheless, until the DEC formally accepts the property, all asset management responsibilities remain with Housing.

During the time that the DEC is conducting their evaluation and making a determination as to whether or not to accept the project, the Program Office should not negotiate any relief, enter in to any workouts, plans of action, modifications, waivers, relief, etc. nor should the Program office release any funds from Reserve for Replacement or Residual Receipts unless it is for an absolute emergency and only after first consulting with and receiving approval from the DEC.

Routine servicing should continue. It is recommended no meetings be conducted with tenants during this time period without prior consultation with and approval of the DEC. Until the DEC has developed their recommendations, the Program Office must be ever vigilant to ensure the property is properly maintained while not interfering with the work of the DEC.

The Program Office must send copies of all correspondence to the DEC. All nonroutine correspondence from the Owner should be answered by advising the Owner the correspondence has been referred to the DEC.

Part Three: Actions where Owners fail to correct EHS or fail to address Physical Inspection results

Servicing Options

When any Owner does not correct or mitigate EHS s/he is in Regulatory or Contractual default. When an Owner does not respond to the REAC physical inspection, or the Owner's response is unacceptable, servicing action should be taken to rectify the situation. (See Chapter 6 of Handbook 4350.1 REV. 1.) As an alternative to terminating the Section 8 contract (or not renewing the contract) HUD, with the Owner's concurrence and approval, may attempt to identify a potential Owner to which the property and the Section 8 contract may be subsequently transferred in order to provide continued subsidy and affordable housing. The Project Manager should schedule a meeting with the Owner to discuss a TPA, bringing in a new General Partner, Sale of the project, etc.

The decision to terminate a Section 8 contract can only be made at the Program Center Director or Supervisor level. Before making such a decision, the Hub Director must be informed as the Hub must advise Headquarters monthly of any anticipated termination (see attached). The decision to declare a non-financial default of the Regulatory Agreement can only be made in Headquarters by the Director of Portfolio Management upon a recommendation by the Program Center Director or the Hub Director.

Section 6-26, b and c of Handbook 4350.1 REV 1 discusses more legal action. When considering legal remedies, Field Office Counsel and/or the Enforcement Center MUST be consulted.

The Project Manager can gather additional information before taking action, by conducting a Management Review.

Establishing Priorities

It is essential that each Hub has a plan to manage the work and servicing responsibilities that are generated by having REAC conduct a physical inspection of 100% of their properties. Certain servicing responsibilities are being prescribed by Headquarters. However, there rests with the Hub Director the responsibility to manage the local workload.

Should a large number of properties fall into the area where a MIO Plan is required and Owners and agents interact extensively with the office to discuss the inspection or the score or how to develop a MIO Plan, it is possible the Hub may experience early overload. Community or resident issues which intertwine with the physical conditions may add to the workload. **The Hub Director will have to set priorities.**

Handbook 4350.1, REV. 1, pages 6-19, Figure 2 can be used by the Director in establishing servicing priorities. Because tenants receiving project-based subsidy do not have as many options as non-subsidized tenants, servicing subsidized projects is the highest priority. The risk to the Department should also be considered, for example:

- Can a mortgage insurance claim be prevented?
- Can the physical asset be protected through intense servicing?
- Are the residents at risk from physical condition or mismanagement?
- Is the Community at risk due to conditions emanating from the property?
- Given debt, repair needs and repaired value, is foreclosure inevitable?
- Would a sale of the property to stronger ownership generate enough resources to resolve the problem?
- Is the property important enough to the community so that local resources could be brought to the table?
- Is there a documented pattern of irresponsible ownership by the Owner across their portfolio?

It is important that servicing priorities be established quickly. There is a significant volume of work facing the Hubs now that the REAC inspections are being conducted. This must be managed.

Servicing Strategies for the Unwilling, Incapable or Unable Owner

The strategy developed must relate to the risks to the residents, the community, the FHA fund and HUD while applying tools appropriate to the problem. Owners may be unwilling, incapable and/or unable to correct EHS or physical deficiencies. That is, they may choose not to make corrections (be unwilling), not be capable of doing so even with resources due to lack of business capacity (incapable) or have the capability and the will, but lack the resources to make the corrections. For further guidance on servicing strategies you should review Notice 98-34, Handbook 4350.1 Rev. 1, Chapter 6, Mortgagee Letter 91-71 and Handbook 4350.4.

Nursing Home Inspections

Nursing home inspections, along with the Owner's response, should be shared with State or local regulatory agencies.

Part Four: Logging and Tracking - REMS Requirements

All activities related to bringing a property into Regulatory and Contractual compliance because of a REAC physical inspection must be entered in the Project Action screen in REMS. It is important to document compliance by Owners since that will be part of the servicing record which may influence future decisions, and it is important to HUD to have an accurate administrative record should we have to proceed to enforcement. All close-out activity regarding Exigent Health and Safety deficiencies and Physical Inspections must be input by the Project Manager into REMS. Headquarters will

periodically monitor the Field through reports based on information in REMS. Field Office managers should develop local reports to monitor inspections and all closeout responsibilities and activities.

REMS will release additional guidance when available.

Attachments

September 28, 1999

Process for Raising Issues Related to Appeal of REAC Physical Inspections

The Real Estate Assessment Center (REAC) is on schedule to complete the inspection of all Housing properties by the end of the calendar year. A new contract was recently awarded which will speed up this process. Inspections are being mailed regularly and posted to REMS. The education process for owners and Housing about how to interpret these inspections and how to utilize them is well along. As with any new process, however, there will be questions, occasional errors and anomalies. There are two approaches for raising issues regarding REAC physical inspections. This memorandum briefly summarizes these approaches and goes into detail on the approach with the greatest Housing involvement.

REAC Customer Service Center (CSC):

As a general matter for either approach or for resolving general questions about an inspection, Housing officials or owners may call the REAC Customer Service Center (CSC). The number for the CSC is 1-888-245-4860. Owners and Housing Project Managers can talk to a REAC specialist about how individual deficiencies affect the overall score as well as all other aspects of the protocol. Over time, we expect Housing Project Managers and participants will become more familiar with the inspection protocol and that more questions will be answered by Project Managers as part of normal business routine. In the meantime, if a Project Manager cannot answer an owner's questions, owners should utilize the CSC as a resource. The CSC has trained staff available to review and explain any item of the physical inspection.

Once the owner understands the inspection process, and if he or she still disagrees with the results, the avenues described below may be pursued.

REAC Technical Appeal Process:

The Department will publish a regulation in the Federal Register shortly which describes the process and standards for requesting a Technical Review of Inspection Results. Until electronic transmission is arranged between HUD and the owner, the owner has a period of 30 calendar days to (i) review the physical inspection results and property score and determine if the results and score indicate that an objectively verifiable and material error (or errors) occurred in the inspection, which if corrected would result in a significant improvement in the property's overall score; and (ii) request a technical review by the REAC of the property's physical inspection results. A request for a technical review of physical inspection results must be submitted in writing to the Director of the Real Estate Assessment Center and must be received by the REAC, with a copy to the Multifamily Hub Director (MHD), no later than the 30th calendar day following issuance of the physical inspection report to the owner. Note that the review

period of 30 days will be the requisite review period only until electronic transmission of the physical inspection report is established. When electronic transmission is arranged between HUD and the owner, the review period will be 15 calendar days.

The request must be received by the REAC and be accompanied by the owner's reasonable evidence that an objectively verifiable and material error (or errors) occurred, which if corrected would result in a significant improvement in the property's overall score. Significant improvements means that if the owner is correct about the error that the new score would place the property in a different range of an administrative threshold. For example, one which would require a different type of plan or corrective action or a referral to the DEC (30, 45, or 60) a different inspection schedule or a threshold which would allow the project to be eligible for certain programs (a 1, 2 or 3 year inspection cycle as will be allowed by the proposed rule). A technical review of physical inspection results will not be conducted based on conditions that were corrected subsequent to the inspection nor will the REAC consider a request for a technical review that is based on a challenge to the inspector's findings as to the severity of a deficiency (e.g., categorization of the deficiency as minor, major or severe). There are three types of material errors which can occur:

1. Building Data Error, which is if the wrong building is inspected or a portion of property not a part of the subject property is inspected.
2. Unit Count Error, which is if the total number of units inspected is incorrect.
3. Non-Existent Deficiency Error, which is when the inspection says that a part of the property is below standard and in fact it is not.

The owner must reasonably demonstrate that an objectively verifiable and material error occurred in the inspection, through the submission of evidence, which would result in a significant improvement in the property's overall score. To support its request for a technical review of the physical inspection results, the owner may submit photographic evidence, written material from an objective source such as a local fire marshal or building code official, or other similar evidence.

Some common examples might be:

a: if the inspector recorded deficiencies on a roadway that was not part of the mortgaged premises;

b: if a building or improvement was inspected which was not a part of the property or under the mortgage;

c: if a wrong unit count was used which affected the sample size and thereby the score;

d: if the inspection showed that the roof was cracking and had holes in it and in fact a new roof was recently placed on the building.

A technical review occurs and is performed by REAC when the owner submits evidence of a material error. When REAC performs the technical review and determines that if corrected the new score would result in a significant improvement in the property's overall score (i.e., will place the project in a different category administratively) then REAC will undertake a new inspection or correct the existing report or issue a new score.

A reinspection is not available for an owner simply because the owner believes that the property should receive a higher score or because non-material errors which result in an insignificant improvement can be shown (for example a property receives a score of 82 and the owner wants a score 86.)

An owner may request guidance on how to prepare a request for technical review through Project Managers or directly through the REAC CSC.

The proposed regulation, when published, will describe the technical review process. It will be posted to both Housing's and REAC's web sites as soon as it is published in the Federal Register. Until the regulation is published, the CSC will counsel owners on standards and processes.

Cost of the New Inspection: If a reinspection is required and the new inspection score results in a significant improvement from the original physical inspection score, HUD will pay for the new inspection. If no significant improvement in the score is shown, then the owner must pay for the new inspection. The cost of the new inspection, if paid by the owner, is not a valid project operating expense. The new inspection score will be considered the final score.

Housing Data Correction Process:

This process is designed to provide a means for field offices to obtain score adjustments or prevent adverse scores from occurring by bringing to Housing HQ and in turn the REAC, specific circumstances within their operations area that are unique and that have resulted or may result in a significant overall score reduction. For example, there may be instances where the REAC Standard is in conflict with local building or zoning codes in effect when a property was originally built. Through this process, we want to identify significant issues surrounding the operation of the inspection protocol and adjust the inspection system to reflect the proper circumstances and standards by which a property should be evaluated.

Separate from the standards for Technical Review, when a project manager with the approval of a Hub/Program Center Director believes there are mitigating or unanticipated circumstances which call for a review of the inspection, inspection score, quality or performance of the inspector, etc., they may avail themselves of this review

process. This process provides the field office with the authority to hear and evaluate issues relative to a particular inspection, inspector or the applicability of the inspection process in their area regarding a particular issue, and where appropriate make recommendations to Headquarters to take action to address the issue at hand. Owners and managers with concerns about such matters should and will be encouraged to speak with their project manager about these issues. The project manager will be responsible for evaluating the concern by understanding the inspection and related issues, obtaining sufficient information to substantiate and document the point raised and by making recommendations to the HUB/Program center.

The referral by the Field to Headquarters must be in writing to Ken Hannon and Frank Malone and provide documentation to support the request for review. That evidence can take many forms but Hub/Program Center Directors must assure that evidence is of sufficient detail to support the basis for a request for data base correction and rescoring.

Upon submission to Headquarters, there will be a review and consideration of the request. Under appropriate circumstances a request will be made by the Office of Portfolio Management to REAC to make a correction. A data base correction can result in a rescore, protocol adjustment, rescheduling of an inspection, requirement for reinspection or any other adjustment needed to correct a validly raised deviation.

The following are some examples of circumstances under which a request for data base correcting can be made by the field office.

Locally Permissible/Required Property Features: The REAC inspections are based on standard protocols. Local codes may change after a property is built or sometimes existing structures are exempted from compliance from newer codes (grandfathered). Other times the REAC Protocol might be in conflict with local law on a particular point. Local Law or a condition which was legally permitted at the time of construction which is in conflict with the REAC requirements will control and be permitted. If there is a conflict, there could be negative impact on the score and, therefore, there may be a basis for a decision by the Hub/Program Center Director to recommend a score adjustment. A recommendation in this case would require evidence of the local law, the properties compliance with it, etc. Before submission of an adjustment related to a legal issue, a project manager should ask field counsel to review and concur. In these cases, the Director's staff should assemble the appropriate documentation to support the conclusion that an adjustment be made. If Housing HO agrees with the recommendation, they will detail the changes that the REAC shall make in the inspection scoring i.e., what deficiencies must be set aside for scoring purposes. REAC will make the changes and store the data for future inspections so that the same error will not be repeated in the future for that property.

Example: child safety bars, which limit or impede egress or entry in an emergency, may be required by local code enforcement entities. **However, REAC's inspection** protocol records these as a deficiency, thus lowering the score. If the effect on the score was

significant, documentation of the local code authority's acceptance of the conditions can be submitted to Housing HQ. Once accepted by Housing HQ, it will detail the changes that the REAC should make in the inspection scoring.

Example: an owner might be cited for not having fire extinguishers in public areas in proper locations, yet there were extinguishers in all units and offices and this is in compliance with local code. This variance with the REAC Protocol by local code and documentation of such compliance may result in an adjustment to the score.

Substantial Rehabilitation: The process of rehabilitation of a unit or building will typically bring about the temporary removal of appliances, carpet, sidewalks, etc. In every possible instance, the field office should identify in advance to Housing HQ a property where rehabilitation is planned before the inspection is scheduled or occurs. Project Managers should work with owners and managers regarding this. Housing HQ may then decide either to delay an inspection pending completion of the work in progress or to arrange to adjust the results to take into account the impact of a permitted rehab. When the Field knows rehabilitation is planned they should contact Headquarters to determine if a delay is the better strategy.

If however, an inspection occurs without notice and the Field Director deems it appropriate and possible to separate out the rehabilitation issues, they may also request an adjustment to the score.

Unforeseen Circumstances: In the case of unforeseen circumstances that, had the Department had knowledge of such circumstances prior to inspection, a decision to delay an inspection would have been made. Under such circumstances a rescore or reinspection may be appropriate. Examples might be a recent storm or major fire damage where repairs are pending insurance examination. Here again field staff should be proactive in alerting Housing HQ of such events, and delay an inspection, rather than relying on post-inspection adjustments. However, in the event an inspection is conducted where a delay or postponement would have been in order, and there is a significant negative affect on the score as a result, the Program Center/Hub Director may request Housing HQ to consider recommending to REAC the final score be adjusted because of such circumstances.

Concerns with Individual Inspectors:

Patterns of Non-compliance by Inspectors: Field offices may hear from owners, or believe they observe patterns that can be attributed to an inspector, who has failed to properly perform an inspection. The REAC and Housing are committed to a process in which all inspectors and contractors perform their tasks correctly.

If it is alleged that the inspector behaved improperly or did not follow the Inspection protocol, this should be reported to Housing HQ. The actions of an inspector contrary to protocol may or may not manifest themselves in the resulting score but should be reported regardless. If the field believes there are patterns of errors by an inspector,

these should be cited in as much detail as possible and provided to Housing and REAC Headquarters as a matter of contract performance and where appropriate may be the basis for a quality control review. Field staff must report such instances to the REAC CSC and Housing HQ

Hub and Program Center Directors are required to maintain records of variances that they recommend for consideration through this process. Housing HQ will request REAC as part of their normal Quality Assurance process to review these records. A separate file must be established in the field office where all documentation related to recommended variances must be kept. This file must be maintained by the Hub/Program Center Director, with copies sent to Headquarters.

Summary:

The REAC protocol standards were developed in consultation with the Office of Housing and industry and had extensive review by professional engineers, architects and building inspectors. We are aware that from time to time these protocols yield unforeseen results as they are put into practice at specific sites. While the standards are objective and professionally drawn, unanticipated results caused by applying the standards to certain buildings and site types need to be addressed in a constructive manner. The Office of Housing and the REAC are therefore committed to review all potential anomalies that the field brings to our attention and this memo outlines the procedures to be followed in doing so.

(CONTRACTOR'S (LETTERHEAD))
NOTIFICATION OF EXIGENT AND FIRE SAFETY HAZARDS OBSERVED

Property ID #: _____ Inspection ID #: _____ Inspection Date: _____
Property name: _____ PHA Name: _____ Property Phone: _____
Property Address: _____ PHA ID Number: _____ Agent Phone: _____
Property City: _____ State: _____ Zip: _____

PART 1: EXIGENT HEALTH AND SAFETY HAZARDS

Air Quality A- Propane/Natural Gas/Methane Gas Detected Electrical Hazards B-- Exposed Wires/Open Panels C-- Water Leaks On or Near Electrical Equipment	Emergency Equipment/Fire Exits/Fire Escapes D-- Emergency/Fire Exits/Blocked/Unusable Fire Escapes E- Blocked Egress/Ladders Gas/Oil Hot Water Heater/Gas/Oil HVAC F-- Carbon Monoxide Hazard - Gas/Oil Fired Unit -Missing/Misalign Chimney
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**** The Offices of Housing and Public Housing require all exigent hazards be mitigated immediately. The Office of Housing requires a written report to be filed with the local office within 72 hours of the date of the inspection. All public housing agencies are required to document activities in this area under both PHMAP and PHAS requirements for later evaluation by HUD.**

During this inspection the following items were observed and noted as Exigent Health and Safety hazards which require immediate attention. Use additional sheets if needed.

Item Number	Site or CA Location	DU or CA Location	CHECK DEFECT TYPE(s) (See list below)						COMMENT(s)	
			A	B	C	D	E	F		Certificate**

***Reserved for HUD Use.

PART 2: FIRE SAFETY HAZARD

Emergency Equipment/Fire Exits/Fire Escapes G-- Window Security Bars Prevent Egress H-- Fire Extinguishers Expired	Smoke Detectors I -- Missing/inoperative
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During this inspection the following items were observed and noted as Fire Safety hazards which require immediate attention:

Item Number	Site or CA Location	DU or CA Location	CHECK DEFECT TYPE(s) (See list below)			COMMENT(s)	
			G	H	I		Certificate**
1							
2							
3							

***Reserved for HUD Use.

Other Health and Safety Concerns Not Defined In Above Matrix.

1	
2	

NAME OF OWNER/AGENTS REPRESENTATIVE (Please print legibly)

INSPECTOR NAME: (Print)

SIGNATURE OF OWNER/AGENTS REPRESENTATIVE

Date

INSPECTOR ID NUMBER

A copy of this notification will be provided to the appropriate local health/safety/fire code enforcement entity.

Neither the inspector, the inspector's employer nor the Department of Housing and Urban Development assume any liability whatsoever expressed or implied that the above noted and safety hazards constitute all of the health and safety deficiencies that may be present on the property. Any and all liability for the health and safety hazards noted above, as well as any health and safety hazards that may exist on the property but were not observed by the inspector, are the full and absolute responsibility of the property owner and not the inspector, the inspector's employer nor the Department of Housing and Urban Development.

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09/10/99
Tt7-8-99

ADDENDUM TO SECTION 8 HAP CONTRACT RENEWAL

Owner agrees as a condition of renewing the Section 8 Contract that, in the event HUD's Real Estate Assessment Center (REAC) issues a physical inspection report to the Owner that has a score which evidences Owner failure to comply with HUD's Uniform Physical Condition Standards and Physical Inspection Requirement, or if the Owner is negotiating a Corrective Plan of Action to repair deficient items on the REAC inspection, or, if the Owner agreed to a Corrective Plan of Action and has endorsed said Plan, HUD may terminate the Contract after the renewal provide the Owner a reasonable period, as determined by HUD, to correct deficiencies or if the Owner fails to perform under an approved Correction Action Plan to Repair. Notwithstanding the foregoing, HUD may, at its option, continue the contract or renew said contract to facilitate the provision of vouchers for such reasonable time (not to exceed 180 days) as may be necessary to relocate eligible residents with Section 8 Vouchers. The Owner agrees to cooperate in the relocation of the residents by providing to HUD such information on income and occupancy as may be necessary to relocate the tenants. Upon relocation of such residents the Contract shall be terminated.

(Owner)